

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/18):**

BUTTER: Grade AA closed at \$1.3400. The weekly average for Grade AA is \$1.3667 (+.0050).

CHEESE: Barrels closed at \$1.3500 and blocks at \$1.3900. The weekly average for barrels is \$1.3235 (+.0285) and blocks, \$1.3645 (+.0465).

NONFAT DRY MILK: Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

BUTTER: Butter markets remain unsettled. Many producers and handlers are puzzled at the strength of the CME cash butter market. Cream supplies are reported to be readily available and cream is moving from one region to another for processing. Price multiples are often lower. Stocks of butter are increasing in many areas, although producers feel that prices are on the high side to store for a long period of time. Buying interest is seasonally fair. Butter consumption patterns are slowing now that the holidays have past.

CHEESE: The cheese market is firm with an unsettled undertone. The prospect of higher late year cheese production from the December milk production estimates may cause additional buyers to reconsider purchases at current price levels. Some buyers have already cut back on purchases. Others are rebuilding aging programs. Fast food promotions continue to stimulate some extra sales. Current offerings are at least adequate for the generally steady at best demand. Current cheese output is steady to slightly higher.

FLUID MILK: Milk production patterns across the country are following seasonal trends for mid January. Milk production increases are moving northward from Florida, Louisiana, Arizona, to California. Up to this point of the winter, weather conditions and temperatures have been quite mild. Fluid milk supplies in many areas of the country are long, but surplus volumes are back to more normal levels and the holiday milk is basically cleaned up. The fluid cream market is weak. With the cash butter price moving higher over the past few weeks, more buyers resisted spot purchases. Spot sales are, at best, slow. However, multiples did move lower to help ease the price per pound fat. Currently, most surplus cream is entering the churn.

DRY PRODUCTS: Nonfat dry milk (NDM) markets are unsettled to weak. Production across the country remains quite strong following the year end holiday with milk volumes not declining as sharply as previously anticipated. In some instances, Midwestern plants are able to produce the more time-consuming high heat powder. Offerings remain heavy to the support program from Eastern and Western regions of the country. The ongoing possibility of a support price change has most producers trying to clear their stocks as quickly as possible and buyers are trying to delay purchases until the predicted tilt change occurs. Whey powder markets are weak as prices edge lower. Stocks of powder are reported to be heavy at many locations. Heavy stocks with continued heavier output are putting downward pressure on dry whey prices. Buttermilk powder markets are also weak with lower prices being reported. Production is steady to heavier as more cream clears into churns. Stocks of buttermilk powder are increasing in most areas.

CCC: During the week of January 14 - 18, adjusted purchases totaled 11,083,071 pounds from the West (10,421,248) and East (661,823).

JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WASDE): Forecast milk production in 2001/02 is lowered from last month as the number of cows and the growth in milk per cow is reduced. Tight heifer supplies have prevented producers from responding

to relatively good returns and the retention of low-producing cows, coupled with tight supplies of high-quality hay, have dampened increases in milk production. Weaker demand for skim solids in products other than cheese and NDM is expected to offset lower supplies of skim solids and result in higher CCC net removals of NDM. The forecast Class IV price is about unchanged from last month but the Class III price forecast is raised 10 cents. The 2001/02 all milk price is forecast at \$13.10-\$13.60 per cwt.

NOVEMBER FLUID MILK SALES (AMS, CDFA): During November, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order marketing areas and California. This was 1.5% lower than November 2000. On an individual product basis, sales of low fat (1%) milk increased from November 2000, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier.

AUGUST MAILBOX MILK PRICES (DAIRY PROGRAMS): In August 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.34 per cwt., \$.32 more than the revised figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$18.89 in Florida to \$15.29 in Idaho. In August 2000, the Federal milk order all-market average mailbox price was \$12.31, \$.43 lower.

DECEMBER MILK PRODUCTION (NASS): Milk production in the 20 major states during December totaled 12.0 billion pounds, up 119 million pounds (1.0%) from last December. November revised production at 11.5 billion pounds, was up 89 million pounds (0.8%) from November 2000. Production per cow averaged 1,547 pounds for December, 28 pounds (1.8%) above December 2000. The number of cows on farms was 7.74 million head, 62,000 head less (0.8%) than last December, but 10,000 head more than last month. Milk production in the 20 major states during 2001 totaled 142.8 billion pounds, 1.74 billion pounds (1.2%) less than 2000. Total U.S. milk production during 2001 totaled 165.4 billion pounds, 2.30 billion pounds (1.4%) less than 2000.

DECEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During December, about 10.6 billion pounds of milk were received from producers. This volume of milk is 12.0% higher than the December 2000 volume. About 3.9 billion pounds of producer milk were used in Class I products, 2.2% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilizations were; Class I = 36%, Class II = 9%, Class III = 44%, and Class IV = 11%. The weighted average statistical uniform price was \$13.01 per cwt., \$1.18 lower than last month, and \$0.46 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for February 2002 is \$11.95. This price is derived from the advanced Class III skim milk pricing factor of \$6.75 and the advanced butterfat pricing factor of \$1.4860 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for February 2002 is \$7.69 and the Class II nonfat solids price is \$0.8544 per pound. The following are the two-week product price averages: butter \$1.3335, nonfat dry milk \$0.9166, cheese \$1.2740, and dry whey \$0.2810.

*****SPECIALS THIS ISSUE*****

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NOTICE: THE CME WILL BE CLOSED ON MONDAY, JANUARY 21, 2002, IN OBSERVANCE OF DR. MARTIN LUTHER KING, JR. DAY
CHICAGO MERCANTILE EXCHANGE
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 14	TUESDAY JANUARY 15	WEDNESDAY JANUARY 16	THURSDAY JANUARY 17	FRIDAY JANUARY 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.3150 (N.C.)	\$1.3175 (+.0025)	\$1.3175 (N.C.)	\$1.3175 (N.C.)	\$1.3500 (+.0325)	+.0350	\$1.3235 (+.0285)
40# BLOCKS	\$1.3450 (N.C.)	\$1.3625 (+.0175)	\$1.3625 (N.C.)	\$1.3625 (N.C.)	\$1.3900 (+.0275)	+.0450	\$1.3645 (+.0465)
BUTTER							
GRADE AA	\$1.3750 (N.C.)	-----	\$1.3850 (+.0100)	-----	\$1.3400 (-.0450)	-.0350	\$1.3667 (+.0050)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USD.A.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 14, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3150; 2 CARS 40# BLOCKS: 1 @ \$1.3450, 1 @ \$1.3550
 BUTTER -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, JANUARY 15, 2002

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.3150, 1 @ \$1.3175; 1 CAR 40# BLOCKS @ \$1.3475; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3000; 2 CARS 40# BLOCKS: 1 @ \$1.3625, 1 @ \$1.3475; OFFERS UNCOVERED: NONE

WEDNESDAY, JANUARY 16, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS: 1 @ \$1.3750, 6 @ \$1.3850; BIDS UNFILLED: 5 CARS: 2 @ \$1.3850, 1 @ \$1.3725, 1 @ \$1.3675, 1 @ \$1.3625; OFFERS UNCOVERED: 4 CARS: 2 @ \$1.3950, 2 @ \$1.4000

THURSDAY, JANUARY 17, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3625; OFFERS UNCOVERED: NONE

FRIDAY, JANUARY 18, 2002

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3500; 2 CARS 40# BLOCKS: 1 @ \$1.3900, 1 @ \$1.3625; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 105 CARS: 1 @ \$1.2900, 1 @ \$1.2800, 1 @ \$1.2700, 1 @ \$1.2600, 1 @ \$1.2500, 100 @ \$1.1000; OFFERS UNCOVERED: 12 CARS: 1 @ \$1.3400, 1 @ \$1.3600, 1 @ \$1.3700, 2 @ \$1.3775, 1 @ \$1.3800, 1 @ \$1.3825, 4 @ \$1.3850, 1 @ \$1.4000

BUTTER MARKETS**NORTHEAST**

The butter price moved higher during last week's trading at the CME. This is confusing to many contacts since December's output seems to have been very heavy. The market tone is unsettled. There is no trouble finding butter, but some buyers are showing resistance to current prices. In the East, churning activity is easing now that milk supplies are back in better balance and some ice cream plants are getting back on line. However, the high butter price does equate to higher cream/butterfat prices and users are not making too many spot purchases. Butter consumption patterns are slowing now that the holidays are past. Retail features during the holidays did move good volumes, but consumers, in general, have not returned to the dairy case. Wholesalers are ordering as needed as most feel that prices will, in time, move lower. Sales of bulk butter, f.o.b. East, are reported in a range of 1 - 6 cents over the CME price/average.

CENTRAL

The butter price at the CME remains firm with many producers and handlers continuing to question why. Butter producers are stating that cream offerings are readily available from local and out of area sources. Often, cream pricing multiples are lower to keep surplus cream moving. Churning schedules are quite active for this time of the year. In many instances, current production is surpassing demand, thus additional butter is entering inventory programs for future use. Some producers and handlers are starting to question how long they will be able to

continue to build inventories this early in the season as the cash price increases. Most feel that within the near term, the cash price should weaken and inventory building can occur more comfortably. Current buying interest is reported to be fair. Orders are once again starting to occur, but for the most part, are for short term needs. Bulk butter for spot sale is selling in a price range of flat - 3 cents per pound over various pricing basis.

WEST

Most Western manufacturers are pleased with the amount of butter sold at the end of the year. Orders continue to come in at seasonal levels in January. Bulk butter is moving from the West to other areas of the country. Cream supplies remain very heavy. Cream is moving long distances to find a final home. Buyers are not sure how to plan for summer storage needs at this time. Most feel that prices are on the high side to store for a long period of time. Comments were also heard about the possibility of imports of butter occurring again this summer. The weekly CME butter cold storage figures increased by 4.05 million pounds and stand at 33.1 million pounds. They have increased almost 14 million pounds in the last three weeks. Stocks are the largest on record for this time of year. Current prices for bulk butter range from 5 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JAN 12	1.2538 8,130,393	1.2596 11,735,587	0.9151 20,993,087	1.3348 4,505,620	0.2821 11,565,522	1.7639 2,244,233	1.7324 4,063,992

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply higher as the CME cheese prices moved rapidly higher during the mid part of last week. Since January 9, (through 1/14) the CME prices have been steady. The market tone is unsettled though prices have increased. In the East, cheese output continues to show gains over year-earlier levels. Currently, output is about steady, but less surplus milk is available now that schools are back in session. Cheese stocks are adequate to fully adequate depending on type and style. Distributors' orders are mostly for week-to-week needs. At current prices most do not want too much on hand. However, if prices continue to spiral, some may want to buy ahead to beat the increases. At this point, contacts note that it is hard to "read" the market and where it's going. Retail consumption is fair to good as consumption does tend to remain strong during the "playoff season." Food service orders are holding up quite nicely.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3800-1.8500
Cheddar Single Daisies	:	1.3375-1.7975
Cheddar 40# Block	:	1.4775-1.5950
Process 5# Loaf	:	1.5250-1.6875
Process 5# Sliced	:	1.5450-1.8025
Muenster	:	1.5400-1.7475
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm, though with a cautious undertone. Recent price increases (9 cents total on blocks last week) at the Chicago Mercantile Exchange have a few traders expecting that sales may slow enough for offerings to increase at the Chicago Mercantile Exchange soon and could pressure prices. Some recent improvement in demand has been attributed to people preparing for upcoming events including the Olympics and the Super Bowl though higher prices seems to have cooled some interest. Natural bulk sales are steady to slower. Process movement is steady to occasionally slower, often depending on the results/continuation of fast food promotional activity. Barrels and good processing solids remain tight. Cutting production schedules are often lighter except for shreds. Much of the extra cheddar produced over the holidays seems to have disappeared into marketing channels. Some extra mozzarella continues to be available. Inventories of specialty products seem to be in balance. Current cheese production is steady to slightly heavier, depending on milk availability.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5150-1.6500
Brick And/Or Muenster 5#	:	1.6300-1.8800
Cheddar 40# Block	:	1.6100-2.1150
Monterey Jack 10#	:	1.8300-2.1150
Blue 5#	:	2.0700-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6500-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9675-2.6900

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 14 - 18, 2002
BARRELS*	:	\$1.3050 - 1.3275 (NOMINAL)
	:	(\$.0400) (.0425)
40# BLOCKS	:	\$1.3175 - 1.3475 (NOMINAL)
	:	(\$.0700) (.0025)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices moved sharply higher in the Western region based on cash trading at the CME last week. Most market participants remain surprised at the price strength, but are still forced to react whether they feel it is valid in the short run or not. Some are rethinking strategies they designed to deal with the market this year with market conditions they felt comfortable with. However, with prices continuing to show strength, many buyers that had light inventories are deciding that they need to participate in the market in the near term to cover current needs. Current blocks are going into aging programs even as prices increase. Milk receipts at some plants are lighter than desired. Most plants report that tests on the incoming milk are better than historical averages.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4500-1.7100
Cheddar 40# Block	:	1.4375-1.5775
Cheddar 10# Cuts	:	1.6175-1.8375
Monterey Jack 10#	:	1.6275-1.7875
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

FOREIGN

Prices for domestic styles are sharply higher and no reported changes on imported. The market tone is following typical seasonal patterns. Typically, demand for foreign type cheese slows after the holidays. Importers now have their historic licenses and purchases are getting back to more normal levels. However, there are reports of delays in the issuing of certain types of import licenses. During July-November 2002, the EU has issued 39% of the cheese export licenses allowed during the current WTO-year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.6825-3.1775*
Gorgonzola	: 3.2400-5.9400	: 2.1825-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1000-3.1525*
Romano (Italy)	: 2.1000-2.9900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6900-1.9100*
Romano (Cows Milk)	: -0-	: 2.8750-5.0550*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.5900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9500	: -0-
Gouda, Large	: 2.3900-2.6800	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
01/14/02	17,898	: 121,485
01/01/02	13,010	: 118,187
CHANGE	4,888	: 3,298
% CHANGE	38	: 3

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	25	0	80	0	0	25
SOUTHEAST STATES	0	23	0	0	0	0

Regional Milk Market Administrators announced the following, December 2001 uniform prices: Northeast \$13.72, Mideast \$12.64, Southeast \$13.95, Florida \$15.58, and Western New York (a state order) \$13.14 at the base cities/counties in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is moving upward in much of the Southeast with the more noticeable gains seen in Louisiana. Output in the Middle Atlantic and Northeast is slowly moving higher along typical patterns. So far, the winter has been relatively mild and has had little negative effect on the milk flow. Fluid milk supplies are still long, but surplus volumes are back to more normal levels and the holiday milk was "cleaned up" last week. Contacts note that there was some real scrambling during the holidays and most were fortunate that there were no major breakdowns. Bottled milk sales are slow to fair, with pockets of improved demand. Florida handlers "got caught" over the weekend and had to import some milk to cover needs. This milk did come from near-by states. Also, there was an adjustment to last week's Florida import total. As production bounces around and demand varies, contacts expect Florida's milk needs to fluctuate "for a while." Manufacturing plants are operating at moderate to heavy levels. Plant schedules in the Southeast are down significantly from the holidays, but some balancing plants are still operating. In the Northeast, surplus milk supplies are still quite heavy and plant schedules are quite heavy. The condensed skim market is mostly steady with prices little changed. Supplies of condensed skim are readily available to meet any spot needs. The fluid cream market is weak. With the butter price moving higher, more buyers resisted spot purchases. Spot sales are, at best, slow. However, multiples did move lower to help ease the price per pound fat. Some suppliers reports that 80-90% of the available cream is finding its way into butter plants. Local churning facilities are busy with their own milk and can't take too much extra cream. Consequently, most of the excess cream is clearing to Midwest butter makers. Currently, butter makers are paying lower multiples, delivered. Class II spot sales are widely scattered as buyers wait for better prices. Suppliers note that ice cream and cream cheese producers are doing little in the way of spot cream purchases.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6340-1.7974
DELIVERED EQUIVALENT ATLANTA	-	1.6613-1.8247 M 1.6613-1.7157
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7702-1.8247

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9700-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- .9200- .9900

M I D W E S T

Class I demand slowed to a no more than average non-holiday week. At least a few bottlers are arranging schedules for fluid promotions next week. While cottage cheese production has been fairly good, production of dips and other items for Super Bowl events are still light. Next Monday's holiday observance may impact school/institutional fluid use late in the week. Manufacturing milk interest is fairly lackluster with some plant operators seeking an extra load or two of milk while others seem to have backed off. Reported spot manufacturing milk prices ranged from \$1.50 to \$2.00 over class. For some cheese makers, cheese demand has softened as cheese prices have increased in recent weeks, while others have been less affected. Reported cream prices are higher, mainly due to the continued surprising strength in the Chicago Mercantile Exchange butter market. Overall, cream supplies continue more than adequate for churning as ice cream operations start to come back on line after the holidays. Condensed skim interest for cheese production is good with reported condensed

prices ranging from \$.95 to \$1.03. Current plant milk intakes are fairly steady though some still see the usual slight seasonal increases in week-to-week numbers. A few, generally light flurries blanketed the ground in the upper tier of states and caused the usual slowdown in travel. Temperatures have also dropped to seasonal levels.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JANUARY 10-16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.50- 41.50	\$ 36.00- 43.00
REPLACEMENT HEIFER CALVES	\$420.00-650.00	\$240.00-325.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JANUARY 10-16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 43.25	\$ 33.00- 45.00

W E S T

NASS monitors U.S. HAY STOCKS twice a year, on May 1 and December 1. U.S. stocks on December 1 total 110.5 million tons, up 4.7% from a year earlier. Stocks level comparisons to last year are as follows for nine Western states: Arizona -10.8%, California +0.4%, Colorado +12.4%, Idaho -10.1%, Nevada -3.1%, New Mexico even, Oregon +7.6%, Utah +27.8%, and Washington +16.1%. Some contacts are a bit surprised at the amount of hay out there in relation to the relatively high prices for the past few months. The February 2002 Class 1 prices in CALIFORNIA range from \$13.69 in the north to \$13.96 in the south. The statewide average Class 1 price based on production is \$13.74. The average is \$0.18 higher than January 2002 but \$0.12 lower than February 2001. November 2001 pool receipts of milk in CALIFORNIA total 2.706 billion pounds, 6.5% higher than a year prior. Cumulative pool output through November 2001 total 30.274 billion pounds, up 4.7% (unadjusted) from 2000. The November blend price, at a fat test of 3.78%, is \$12.93, \$0.97 lower than October but \$1.13 higher than November 2000. The percentage of receipts used in Class 1 products is 20.10%. The November quota price is \$13.67 and the over quota price is \$11.97. These prices are \$1.04 lower than October 2001 but \$0.98 higher than a year ago. CALIFORNIA milk production continues to range from steady to slightly higher throughout much of the state. Levels are higher in the south and trends are expected to be better with cow freshening. Feed factors have not changed much in recent weeks. In the Central Valley, seasonal conditions are showing normal impact on milk output, but stress levels are generally limited by herd management practices. Production plants are running well and new plants continue to be constructed. Class 1 demand in the state is higher and slightly limiting production of other products. Milk output is seasonally steady with some areas trending slightly higher in the northern part of the state. NEW MEXICO milk production is steady to instances slightly higher. Levels are above a year ago, attributed heavily to the addition of milk cows and new or expanded facilities in the state. Hay prices remain high. ARIZONA milk production is steady to slightly higher with gains noted over the weekend. Weather conditions have been near ideal for milk cows with little stress noted. Feed is available and generally affordable with the exception of alfalfa. Class I demand was higher and returning to pre-holiday levels. CREAM supplies range from moderate to heavy across the West. Offerings are slightly lower than in past weeks, but loads are moving out of the region for processing at and beyond contracted levels. There remains concern of overvaluation of butter and multiples and overages are negotiated lower to complete deals, especially from butter makers. Western multiples are in a wide range of 105 to 128, FOB. Less moisture and moderate temperatures seem to be the rule over the PACIFIC NORTHWEST. Muddy lots are causing more herd health problems. Heifer demand in this part of the Western region may be softer at this time with some lower asking prices noted. Some manufacturing plants believe that they are at the seasonal low point in production and this is about the normal time for it. Most contacts are calling weather conditions in NORTHERN UTAH and SOUTHERN IDAHO generally moderate. Snow continues to cover the dairy areas, but temperatures creep above freezing most days and the lows are only about average. The cold, wet fog from last week has mostly lifted. Hay acreage is expected to increase this spring based on good hay prices and alternatives that are not as competitive.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady to weak market. Production is slightly higher as milk intakes settle after the post-holiday rush to fill bottling facilities. At some locations, milk is in better balance, allowing heavier production of the more time-consuming high heat product. Prices offered from the West are sometimes higher than expected, encouraging movement of Central region product. Clearance is generally best into contractual accounts for both high and low heat product.

EAST: Prices are steady and the market tone is unsettled. Production levels are moderate to heavy as milk supplies have not shrunk as rapidly as anticipated. Plant stocks are heavier than they have been and Eastern NDM continues to clear to CCC. The ongoing possibility of a support price change has most producers trying to clear their stocks as quickly as possible and buyers trying to delay purchases until the predicted tilt change occurs. Spot purchases are for immediate needs. Also slowing the demand for NDM is the availability of imported skim milk powder at prices well below current market prices. Imported powder is nothing new in the marketplace, but prices are now quite low in comparison to our domestic market.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

LOW/MEDIUM HEAT: .9000 - .9725 MOSTLY: .9300 - .9700
HIGH HEAT: .9600 - 1.0350

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are unchanged, but the market tone remains weak. Offerings remain heavy to the support program as marketings continue to be affected by the "ever looming" tilt adjustment. There is no official word on the timing or possibility of a tilt. However, the market is being played to that end. Manufacturers are keeping inventories light and buyers are only purchasing for nearby needs. Production is holding mostly steady in the region. Stocks remain in excess of trade needs. During the week of January 7 - 11, adjusted support program purchases totaled 21,067,919 million pounds of NDM with 19,694,025 pounds from the West. Purchases from January 1 - 4 totaled 3,968,308 pounds from the West. High heat prices are lower on the top end of the range. Buying interest remains light seasonally and also because of the tilt possibilities. Buyers are cautious about owning extra inventory. Production is light and, more than usual, being made to order.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - 1.0100 MOSTLY: .9000 - .9250
HIGH HEAT: .9550 - 1.0000

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 11	\$.9042	14,298,391	8,989,234
January 4	\$.9087	11,852,403	5,374,525

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a weak market. Supplies are mixed with some locations running heavy while others are generally in balance. Production is steady to higher as more cream clears into churns. Brand specific product is clearing well at the high end of the range. However, at other plants, excess stocks are difficult to clear with some offers noted as low as .8700 - .8800 FOB. Buttermilk product is available for the very light demand. Discounts on buttermilk product at more than 20 cents below the range are being met with resistance. Both buyers and sellers expect lower prices on buttermilk in weeks to come.

BUTTERMILK: .9300 - 1.0350

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices range from steady to generally lower. The market tone is weak. Heavier production has most producers reporting increasing inventories. Producer stocks in the Central and West are also growing. This is putting downward pressure on prices in all regions. Some producers are reassessing their pricing levels and expect to lower prices to meet the growing competition. Demand is seldom better than slow. Typically, sales of dry buttermilk are slow at this time of year. And, with prices falling, spot buyers are waiting as long as they can to reorder.

F.O.B. NORTHEAST: 1.0000 - 1.0250
DELVD SOUTHEAST: .9700 - 1.0600

DRY BUTTERMILK - WEST

Prices are lower for both the range and mostly series. The market undertone is weaker. Dry buttermilk is more available from more sources. There are indications that manufacturers are seeking bids for excess buttermilk stocks. Weakness is also noted in other regions and in the resale market. Buyers are cautious and demand is slower. Production has remained active, following the increased butter output. Stock levels vary, but are higher at more locations.

BUTTERMILK: 1.0200 - 1.0650 MOSTLY: 1.0200 - 1.0300

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and nominal. The market tone is little changed, but demand is slowing slightly. Holiday needs have past, but candy makers are busy producing for the Valentine and Easter seasons. Producer stocks remains light as most output is geared to meet contracts.

F.O.B. PRODUCING PLANT: 1.1900 - 1.2700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH JANUARY 11, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	26,307	MT (57,996,412 LBS)
CHANGE	--	2,638	MT (5,815,735 LBS)
CHEESE	--	3,030	MT (6,679,938 LBS)

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Inventories are heavy and production is increasing. Supplies now burden some facilities that held stocks during the fall. At these locations, discounts are heavy as managers negotiate full inventories. An impetus to move prices lower is also evolving in order to gain export interest and alleviate price disparity between the Central and West. Some discounted loads are clearing into Canada for the fair interest. Brokers report that plants that previously were sold out, are now asking buyers to make a bid. Feed interest is light as buyers take a wait-and-see approach before purchasing additional product. Both buyers and sellers generally agree that the market is weak and prices will move lower.

NONHYGROSCOPIC: .2550 - .2925 MOSTLY: .2600 - .2850

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices moved lower and the market tone is weaker. Much of the weakness seems to be coming from other regions of the country. However, during the last couple weeks of December and the first two weeks of January, Eastern producers have made moderate to heavy volumes of dry whey. Most cheese plant contacts continue to report that milk supplies remain heavy. Also, dryers have been taking in more condensed whey from plants that can't handle it all. Reports of large producer inventories in other regions have been surfacing. This, along with heavier output is putting more downward pressure on prices. Eastern stocks are still closely balanced, but some spot loads are available. These extra loads are clearing, but there is growing price resistance. Overall, spot demand remains lackluster as buyers wait to see if prices will continue to slide.

F.O.B. NORTHEAST:	EXTRA GRADE	.2800 - .2925
	USPH GRADE A	.3000 - .3075
DELVD SOUTHEAST:		.2900 - .3200

DRY WHEY - WEST

Western whey powder prices continue to weaken. Prices are low enough that export activity to the Far East is being stimulated to some extent. Additional sales to Mexico are also noted earlier after the holidays than last year. Stock levels range from in balance to quite a bit heavier than desired. Production of whey powder was up over the holidays and remains higher than anticipated at a number of locations. Domestic sales are about steady with some powder moving from the Western region into the Central.

NONHYGROSCOPIC: .2200 - .2650 MOSTLY: .2250 - .2450

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. While Extra Grade prices are trending lower, milk replacer supplies remain mostly in balance at prices within the range. Roller ground prices are adjusting lower with changes in the Extra Grade market. The delactose market remains steady while lower WPC prices are reported. Demand is good into edible and feed markets. Early weaned pig demand is good at higher prices while North Central veal demand is generally steady.

MILK REPLACER:	.2050 - .2600
ROLLER GROUND:	.2700 - .2875
DELACTOSE (Min. 20% protein):	.4150 - .4300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. As domestic supplies begin to settle after adjusting to CCC NDM sales and new contracts for 2002, an increasing supply of imports is now affecting the market. New Zealand 80% WPC is being offered into the US at 1.35 - 1.80 delivered. Using the current whey price, this reverts back to 62-77 cents on a 34% delivered equivalent basis. Canadian 34% is being offered into the US on a biddable basis. Production is mostly steady. Those locations that could divert more condensed WPC directly into high protein facilities are now having to deal with increased supplies of 80% that must compete with lower priced New Zealand product into Asia. Producers of condensed WPC for high protein facilities are expressing concern over the lower prices received. With condensed sales benchmarked on the 34% market, the profit margin for the high protein producer increases as high protein prices trend mostly steady.

EXTRA GRADE 34% PROTEIN: .6100 - .6850 MOSTLY: .6500 - .6850

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a mostly steady market. Some contracts for 2002 were finalized during the week, encouraging higher reported prices. More product is available compared to the week prior. Resistance from the Japanese market is causing inventories to build at some locations as contract negotiations for 2002 continue. At other plants, supplies are generally in balance with no spot availability. Weak economies in Asia and other regions are causing some buyers to speculate that the lactose market may have peaked. Some movement is noted into South America. Production is mostly steady for the good domestic spot interest. Some feed grade product is readily clearing in large lots into Asian markets. However, feed lactose availability domestically is generally tight.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

CASEIN - NATIONAL

Acid and rennet casein markets are generally steady, although a weak undertone continues. Many producers and handlers in sourcing countries feel that stocks during the upcoming year should be in better supply than in the past. Some producers anticipate that a shift in milk distribution in some producing countries will allow more milk to clear to casein production versus other manufactured dairy products. At this point, shipments are arriving as scheduled, although rennet supplies are not as available as acid stocks.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3500 - 2.5000
ACID:	2.1800 - 2.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels did increase over the holiday period and continues strong in some parts of the country where milk supplies remain heavy. Currently, output is easing as there is less milk being offered at a discount. Plant inventories are being replenished. Demand is typically slow for this time of year.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES
\$19.00 - 33.00
Excluding promotional and other sales allowances. Including new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	01/02	01/03	01/04	01/07	01/08	01/09	01/10	01/11	01/14	01/15
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
DEC 01	11.82 (2005) 0	11.82 (1914) 0	11.80 (1914) 0							
JAN 02	11.43 (1193) 21	11.45 (1219) 60	11.56 (1197) 24	11.65 (1186) 5	11.79 (1175) 69	11.85 (1171) 13	11.86 (1184) 51	11.84 (1152) 13	11.83 (1151) 27	11.83 (1159) 25
FEB 02	11.38 (1111) 23	11.38 (1112) 20	11.43 (1113) 25	11.52 (1107) 34	11.80 (1115) 69	11.85 (1135) 28	11.85 (1144) 62	11.80 (1143) 16	11.71 (1146) 46	11.97 (1142) 79
MAR 02	11.47 (1070) 59	11.50 (1070) 19	11.60 (1065) 29	11.68 (1077) 37	11.90 (1086) 70	11.95 (1085) 20	11.90 (1103) 38	11.85 (1101) 8	11.76 (1111) 21	11.95 (1122) 24
APR 02	11.65 (1002) 6	11.68 (1008) 7	11.80 (1018) 16	11.90 (1019) 26	12.00 (1039) 52	11.90 (1064) 42	11.90 (1077) 32	11.85 (1079) 14	11.84 (1094) 30	11.99 (1111) 32
MAY 02	11.70 (822) 9	11.73 (828) 8	11.80 (840) 20	11.92 (849) 19	12.00 (882) 61	11.90 (889) 28	11.90 (898) 17	11.91 (904) 16	11.89 (919) 25	12.04 (925) 48
JUN 02	12.39 (829) 7	12.41 (834) 8	12.44 (833) 6	12.47 (840) 9	12.53 (866) 34	12.51 (897) 45	12.52 (907) 14	12.52 (915) 12	12.52 (916) 18	12.55 (925) 25
JUL 02	13.10 (703) 9	13.15 (711) 10	13.20 (716) 13	13.21 (729) 15	13.30 (760) 35	13.28 (778) 41	13.28 (778) 6	13.26 (791) 20	13.26 (808) 18	13.39 (815) 19
AUG 02	13.16 (604) 6	13.21 (612) 8	13.26 (619) 17	13.25 (640) 21	13.32 (680) 40	13.31 (694) 42	13.30 (700) 30	13.33 (713) 21	13.33 (732) 26	13.45 (747) 26
SEP 02	13.30 (568) 7	13.35 (578) 11	13.40 (586) 13	13.40 (615) 29	13.46 (651) 72	13.45 (669) 39	13.45 (673) 8	13.46 (684) 29	13.48 (698) 23	13.51 (735) 39
OCT 02	12.85 (443) 3	12.86 (446) 4	12.85 (468) 29	12.90 (477) 29	12.90 (534) 76	12.90 (543) 12	12.90 (542) 5	12.96 (542) 10	12.96 (547) 25	13.11 (568) 32
NOV 02	12.60 (264) 2	12.60 (267) 4	12.66 (269) 2	12.65 (272) 4	12.65 (305) 64	12.65 (308) 11	12.65 (310) 4	12.61 (319) 14	12.61 (336) 27	12.61 (344) 9
DEC 02	12.45 (243) 3	12.42 (243) 3	12.44 (246) 3	12.41 (249) 3	12.41 (276) 29	12.44 (285) 12	12.41 (285) 2	12.40 (293) 16	12.40 (310) 17	12.37 (315) 6
JAN 03	12.00 (11) 0	12.00 (11) 0	12.00 (11) 0	12.00 (11) 2	12.08 (12) 1	12.00 (12) 0	12.00 (12) 0	12.00 (15) 5	11.90 (15) 0	11.90 (15) 0
FEB 03	12.00 (11) 0	12.00 (11) 0	12.00 (11) 0	12.00 (11) 2	12.08 (11) 0	12.05 (11) 0	12.05 (11) 0	12.05 (11) 0	12.05 (11) 0	12.05 (11) 0

CME - CLASS IV MILK FUTURES - Dollars per cwt.

DEC 01	11.90 (207) 0	11.90 (201) 0	11.79							
JAN 02	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0	12.10 (134) 0
FEB 02	12.10 (131) 0	12.10 (139) 12	12.00 (139) 0	12.00 (139) 0	12.00 (139) 5	12.05 (139) 10	12.06 (136) 5	12.10 (136) 0	12.10 (141) 5	12.05 (141) 0
MAR 02	12.15 (115) 0	12.15 (116) 1	12.05 (116) 0	12.05 (116) 0	12.05 (116) 0	12.05 (116) 0	12.05 (116) 0	12.05 (116) 0	12.05 (116) 0	12.06 (116) 0
APR 02	12.15 (133) 0	12.15 (133) 0	12.15 (133) 0	12.15 (133) 0	12.15 (133) 0	12.16 (133) 0	12.16 (133) 0	12.16 (133) 0	12.16 (133) 0	12.17 (133) 0
MAY 02	12.45 (157) 0	12.45 (157) 0	12.45 (157) 0	12.45 (157) 0	12.45 (157) 0	12.45 (157) 0	12.45 (157) 0	12.45 (162) 5	12.45 (168) 12	12.40 (168) 0
JUN 02	12.55 (177) 0	12.55 (182) 5	12.55 (182) 0	12.55 (182) 0	12.55 (182) 0	12.55 (182) 0	12.55 (182) 0	12.60 (187) 5	12.60 (200) 26	12.50 (199) 0
JUL 02	12.80 (208) 5	12.85 (230) 22	12.80 (230) 0	12.80 (230) 0	12.80 (267) 67	12.75 (267) 0	12.75 (267) 0	12.75 (295) 51	12.70 (339) 65	12.59 (338) 0
AUG 02	12.85 (155) 5	12.85 (170) 15	12.85 (170) 0	12.85 (170) 0	12.85 (202) 42	12.80 (202) 0	12.80 (202) 0	12.80 (239) 47	12.75 (271) 54	12.66 (271) 0

CME - BUTTER FUTURES -- Cents per pound

MAR 02	141.50 (76) 3	142.00 (84) 16	141.00 (87) 3	140.50 (90) 4	141.50 (98) 8	143.00 (103) 9	143.00 (103) 0	143.00 (104) 3	141.50 (108) 4	140.00 (110) 4
MAY 02	145.00 (43) 5	144.52 (44) 6	142.50 (44) 0	142.50 (46) 3	145.00 (49) 5	146.50 (48) 2	146.00 (48) 0	146.00 (52) 4	146.00 (52) 2	144.00 (52) 0
JUL 02	149.00 (61) 6	148.02 (67) 8	145.50 (68) 1	147.00 (70) 3	147.25 (70) 6	147.25 (70) 1	147.25 (70) 0	148.02 (91) 26	147.25 (102) 11	146.00 (102) 0
SEP 02	153.00 (54) 14	151.50 (60) 7	150.00 (64) 4	151.50 (71) 8	150.25 (71) 0	150.25 (71) 0	150.25 (72) 1	152.00 (84) 12	148.50 (88) 4	148.00 (88) 0
OCT 02	154.00 (45) 5	153.00 (47) 5	151.02 (47) 0	152.00 (51) 5	151.75 (53) 2	151.75 (53) 0	151.75 (53) 0	151.75 (59) 11	149.00 (59) 0	149.00 (59) 0

CME - NONFAT DRY MILK FUTURES -- Cents per pound

DEC 01	92.50 (6) 0	92.35 (6) 0	91.99							
JUL 02	90.75 (7) 0	90.75 (11) 4	92.00 (11) 0	92.00 (11) 0	92.00 (11) 0	91.75 (11) 0	91.50 (11) 0	91.47 (11) 0	91.47 (11) 0	91.47 (11) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 7 - 18, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production trends in Western Europe are reported to be running ahead of last year at this time, although trailing quota benchmarks with 3/4 of the year now completed. Handlers indicate that milk volumes are more available and milk is being directed to various manufactured dairy products when possible. Some producers do not want to handle the butterfat, thus they are steering away from butter/powder production and looking at full cream powder or cheese production as an alternative. International buying interest remains slow and unaggressive. Handlers and traders are indicating that some limited sales and small volume deals are being acknowledged, but outside of this, most sales are centering around internal or domestic needs. Producers, handlers, and traders hope that buyer interest will resume, but at this point, do not anticipate too much activity to occur before second quarter at the earliest. Many European skim milk powder producers are looking towards the end of the month when powder can be produced for intervention offering March 1. There is a mixed opinion as to how much powder will be offered to intervention. Some say that maximum levels will be attained quite quickly while others feel that maximum levels will not be reached during the entire open period. Overall, prices remain weak. Lower offering prices from other areas of the world continue to put downward pressure on European produced dairy products.

BUTTER/BUTTEROIL: European butter markets are generally steady, although some prices for butter and butter oil are slightly higher. Production schedules continue to surpass demand and thus surplus stocks continue to clear to intervention in most countries. International buying interest is slow and unaggressive with most sales activity centering around internal or domestic needs.

82% BUTTERFAT:	1,150 - 1,250
99% BUTTERFAT:	1,300 - 1,450

SKIM MILK POWDER (SMP): European skim milk powder markets remain weak as prices continue to edge lower. Many producers and handlers are looking toward the end of the month when powder can once again be produced for intervention offering March 1. Opinions are mixed as to how much powder will be offered to intervention, but many feel a significant volume will clear early during the open season. At this point, buyer interest out of Europe is being reported as quiet. Some handlers and traders are reporting that lower priced powder is being offered and, in instances, sold into the world market from South American sources. These sales continue to put downward pressure on European prices.

1.25% BUTTERFAT:	1,550 - 1,650
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WHOLE MILK POWDER (WMP): Whole milk powder markets remain weak as European prices are generally lower. International buyer interest is quiet. Often, milk volumes are being directed toward manufactured dairy products other than butter/skim powder, thus whole milk production is more active than usual for early January. Stocks are reported to be available, but traders report that there are no buyers at this time. Traders indicate that there is lower priced powder being offered from other world sources, which is keeping European prices low.

26% BUTTERFAT:	1,500 - 1,600
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SWEET WHEY POWDER: Whey powder markets are generally steady, although prices are fluctuating higher and lower within the reported range. Cheese production was lighter during the year end holiday period, but now is gaining momentum. In most instances, whey stocks are available. Sales activity is slow. Often, European prices are too high for potential international buyers, thus they are sourcing their full needs elsewhere.

NONHYGROSCOPIC:	525 - 625
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OVERVIEW: EASTERN EUROPE: Cold temperatures in most areas of Eastern Europe during the past few weeks are causing milk handlers some concerns. Up to this point, milk production has been more favorable than last year at this time and the colder conditions could slow or limit the recovery in progress. Many Eastern European handlers welcomed the additional milk to once again reestablish a more comfortable supply situation than last year. Some limited sales activity has been reported out of Eastern Europe, although not significant in comparison to previous years.

OCEANIA

OVERVIEW: Milk production patterns in Australia and New Zealand are seasonally strong, although reports indicate a mixed situation overall. In Australia, available statistics through the end of October indicate that milk production was about steady with the previous year. Contacts feel that November and December production was positive, but actual figures are not available. In Victoria, the major production region of Australia, contacts report that weather conditions for the first half of the summer were quite mild. Temperatures were hot early in December, but then cooled by month's end. Early estimates are that milk output is around 2% stronger in this region than the previous year. In New South Wales and Queensland, the milk production base is much smaller, although weather conditions are much different and milk receipts are running about 5% lower than the first half of last season. Temperatures are quite warm and conditions are very dry. The bush fires in New South Wales continue, although they are reported to be less severe than a few weeks ago. In New Zealand, wet conditions have prevailed over the past few weeks and milk handlers still are unclear as to what impact this will have on overall milk receipts. Up to this point, the milk production season has been strong and some reports are indicating that milk volumes are running 3% ahead of last season. Overall prices for Oceania produced dairy products are lower. Much of the weakness is occurring as Oceania producers, handlers, and traders maintain market share. Most report that there is no significant new buyer interest to report at this time. Most feel that it is still too close to the year end holiday, but are optimistic that international buyer interest will resume shortly. The outlook for price recovery is not as positive.

BUTTER: Butter prices are basically unchanged. The market tone is steady. Recent sales activity for butter out of the Oceania region has been centered around regular and ongoing customer needs. Producers and handlers report that stocks are sufficient to meet this need with additional available for new buyer interest. When possible, butter/powder producers are adjusting their production schedules to maintain manageable inventories.

82% BUTTERFAT:	1,100 - 1,200
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CHEDDAR CHEESE: Oceania cheese markets are generally steady, although prices are lower. Buying interest remains active from regular and ongoing customers with no significant new buyer interest being reported at this time. The weakening trend in prices is not from lack of sales and building inventories, but from the overall weak trend in international dairy product prices. At this point, cheese production is quite active in Australia and New Zealand. Sales and shipments are generally keeping pace with output, although inventories are building, but at a slower pace than other manufactured dairy products.

39% MAXIMUM MOISTURE:	1,900 - 2,000
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SKIM MILK POWDER (SMP): Oceania skim milk powder markets are weak. Prices are unchanged to lower. Milk production, although on the downhill side of the season, remains seasonally strong in both Australia and New Zealand. If possible, manufacturing facilities are diverting milk away from butter/powder production and toward other manufactured dairy products. Stocks of skim milk powder are sufficient to maintain scheduled shipments of previously placed orders. At this point, no significant new buyer interest is being reported.

1.25% BUTTERFAT:	1,575 - 1,650
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WHOLE MILK POWDER (WMP): Whole milk powder markets are weak with prices unchanged to generally lower. Declining Oceania prices are responding to overall lower prices in the international market place. Although prices are lower, no significant buyer interest is being reported at this time. Some handlers and traders indicate that it may still be too close to the year end holidays. Stocks of powder are available to meet any renewed buyer interest.

26% BUTTERFAT:	1,550 - 1,650
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Exchange rates for selected foreign currencies: JANUARY 14, 2002

.4059 Dutch Guilder	.4573 German Mark
.1364 French Franc	.4231 New Zealand Dollar
.1084 Mexican Peso	.5188 Australian Dollar
1.4498 British Pound	.0076 Japanese Yen
.2466 Polish Zloty	.8944 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1084) = 9.2251. That is 1 US Dollar equals 9.2251 Mexican Pesos.

Source: "Wall Street Journal"

JANUARY MILK SUPPLY AND DEMAND ESTIMATES*

Forecast milk production in 2001/02 is lowered from last month as the number of cows and the growth in milk per cow is reduced. Tight heifer supplies have prevented producers from responding to relatively good returns and the retention of low-producing cows, coupled with tight supplies of high-quality hay, have dampened increases in milk production. Weaker demand for skim solids in products other than cheese and nonfat dry milk (NDM) is expected to offset lower supplies of skim solids and result in higher CCC net removals of NDM. The forecast Class IV price is about unchanged from last month but the Class III price forecast is raised 10 cents. The 2001/02 all milk price is forecast at \$13.10-\$13.60 per cwt.

Item	1999/00 1/	2000/01 Estimate 1/		2001/02 Projection 1/	
		December	January	December	January
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/	7.4	8.9	8.9	8.6	8.6
PRODUCTION	167.4	165.3	165.3	168.7	168.3
FARM USE	1.3	1.3	1.3	1.2	1.2
MARKETINGS	166.1	164.0	164.0	167.5	167.1
IMPORTS 2/	4.6	5.5	5.5	4.7	4.8
TOTAL COMMERCIAL SUPPLY 2/	178.2	178.4	178.4	180.8	180.5
USE					
COMMERCIAL USE 2/ 3/	168.5	169.5	169.5	172.6	172.1
ENDING COMMERCIAL STOCKS 2/	8.9	8.6	8.6	8.0	8.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.8	0.3	0.3	0.2	0.2
SKIM SOLIDS BASIS 4/	8.5	6.3	6.3	3.1	3.8
		DOLLARS PER CWT.			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	9.99	12.29	12.29	11.30-11.90	11.45-11.95
CLASS IV 7/	11.51	13.88	13.88	11.55-12.35	11.60-12.30
ALL MILK 8/	12.61	14.48	14.48	13.05-13.65	13.10-13.60
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	11	0	0	5	5
CHEESE	17	16	16	3	3
NONFAT DRY MILK	690	525	525	265	325
DRY WHOLE MILK	34	3	3	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2002 I	2002 II	2002 III	2001	2002
MILK PRODUCTION	42.1	43.8	41.7	165.4	169.4
		DOLLARS PER CWT.			
ALL MILK PRICE 5/ 8/	13.10-13.50	12.25-12.95	12.45-13.45	14.94	12.85-13.65
CLASS III PRICE 5/ 6/	11.30-11.70	10.80-11.50	11.05-12.05	13.10	11.25-12.05
CLASS IV PRICE 5/ 7/	11.60-12.00	11.40-12.10	11.65-12.65	13.76	11.60-12.40

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-382, World Agricultural Outlook Board, USDA, January 11, 2002.

NOVEMBER FLUID MILK SALES

During November, about 4.4 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 1.5 percent lower than November 2000. On an individual product basis, sales of low fat (1%) milk increased from November 2000, while sales of whole milk, reduced fat (2%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

Editor's Note: This data also can be found at www.ams.usda.gov/dairy/mmhos.htm.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY
FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 2001, WITH COMPARISONS ^{1/}**

Product Name/ Marketing Area (Order Number) ^{2/}	Sales		Change from: ^{3/}	
	Nov	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk ^{4/}	1,533	16,597	-2.6	-1.5
Reduced Fat Milk (2%)	1,376	14,923	-1.6	0.2
Low Fat Milk (1%) ^{5/}	735	7,642	0.3	1.2
Fat-Free Milk (Skim)	642	7,098	-2.5	-2.1
Buttermilk	50	515	-2.1	-3.7
Total Fluid Milk Products ^{2/}	4,380	46,901	-1.5	-0.6
Northeast (001)	840	8,926	0.4	0.1
Appalachian (005)	298	3,180	-2.4	-2.9
Southeast (007)	414	4,521	-2.5	-0.2
Florida (006)	237	2,579	-1.2	0.8
Mideast (033)	551	5,831	-3.0	-3.5
Upper Midwest (030)	377	3,999	-1.8	-0.2
Central (032)	399	4,245	-1.4	0.2
Southwest (126)	358	3,823	-1.3	0.3
Arizona-Las Vegas (131)	108	1,134	2.0	2.3
Western (135)	77	816	1.9	-0.1
Pacific Northwest (124)	188	1,997	-2.7	-0.1
California (---)	531	5,849	-2.4	-0.8

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. ^{2/} Sales by product are for all marketing areas combined. Individual marketing area data is for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. ^{3/} Percent changes have been adjusted for calendar composition. ^{4/} Includes flavored whole milk. ^{5/} Includes flavored fat-reduced milk.

SOURCE: Monthly summaries of Federal Milk Order Market Statistics, AMS, USDA, and California Dairy Information Bulletin, California Agricultural Statistics Service and Milk Stabilization Branch.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, AUGUST 2001, WITH COMPARISONS**

In August 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.34 per cwt., \$.32 more than the revised figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas and ranged from \$18.89 in Florida to \$15.29 in Idaho. In August 2000, the Federal milk order all-market average mailbox price was \$12.31, \$.40 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>					
	March 2001	April 2001	May 2001	June 2001	July 2001	August 2001
	<u>Dollars per hundredweight</u>					
Northeast Federal Milk Order	14.03	14.37	15.43	16.19	16.30	16.65
Appalachian States <u>3/</u>	14.65	15.24	15.95	16.41	16.74	17.19
Southeast States <u>4/</u>	14.79	15.33	16.10	16.82	17.20	17.69
Florida	16.54	17.05	17.69	18.36	18.56	18.89
Ohio	13.80	14.57	15.24	15.94	15.96	16.26
Michigan	13.61	14.23	15.12	15.71	15.75	16.03
Wisconsin	13.55	14.12	15.36	16.05	15.96	16.22
Minnesota	13.45	14.03	15.33	15.90	15.88	16.10
Illinois	13.16	13.73	15.04	16.08	16.05	16.17
Northern Missouri <u>5/</u>	12.99	13.48	14.61	15.65	15.83	15.95
Southern Missouri <u>6/</u>	13.69	14.11	15.03	15.77	16.16	16.45
Corn Belt States <u>7/</u>	13.13	13.72	14.80	15.62	15.73	15.88
Western Texas <u>8/</u>	13.70	14.17	15.00	15.70	15.70	16.47
New Mexico	12.96	13.47	14.20	14.77	14.91	15.36
Idaho	12.48	13.16	14.19	15.03	15.15	15.29
Utah	12.54	13.05	14.26	14.90	15.04	15.38
Northwest States <u>9/</u>	13.37	14.02	14.82	15.35	15.37	15.65
All Federal Order Areas <u>10/</u>	13.79	14.29	15.29	15.95	16.02 *	16.34
California <u>11/</u>	12.95	13.71	14.54	15.23	15.13	15.54

* = Revised.

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, DECEMBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for December have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During December, about 10.6 billion pounds of milk were received from producers. This volume of milk is 12.0 percent higher than the December 2000 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +7.2 percent.) About 3.9 billion pounds of producer milk were used in Class I products, 2.2 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2001 as compared to 2000. The all-market average Class utilizations were; Class I = 36%, Class II = 9%, Class III = 44%, and Class IV = 11%. The weighted average statistical uniform price was \$13.01 per cwt., \$1.18 lower than last month, and \$0.46 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 2001										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,077.6	6.3	910.4	-2.8	44	15	29	12	13.72
Appalachian (Charlotte)	005	558.2	0	365.4	-1.3	66	11	5	18	14.16
Southeast (Atlanta)	007	699.4	12.9	400.4	-2.6	57	9	20	14	13.95
Florida (Tampa)	006	230.0	-9.1	204.3	-6.6	89	5	1	5	15.58
Mideast (Cleveland)	033 <u>3/</u>	1,558.6	25.1	562.0	-2.8	36	12	45	7	12.64
Upper Midwest (Chicago)	030 <u>3/</u>	1,833.5	10.7	340.4	0.8	18	3	77	2	12.19
Central (Kansas City)	032 <u>3/</u>	1,523.0	8.6	407.4	-4.9	27	5	60	8	12.46
Southwest (Dallas)	126 <u>3/</u>	766.8	15.8	332.0	0.5	43	9	37	11	13.45
Arizona-Las Vegas (Phoenix)	131	244.5	-2.8	81.3	0.2	33	5	41	21	12.71
Western (Salt Lake City)	135 <u>3/</u>	461.4	53.4	84.9	2.9	18	9	48	25	12.33
Pacific Northwest (Seattle)	124 <u>3/</u>	620.4	16.6	175.5	-1.0	28	6	36	30	12.35
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,573.4	12.0	3,864.0	-2.2	36	9	44	11	13.01

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 110 million pounds of milk that normally would have been associated with these markets. In December 2000, the estimated not-pooled volume of milk was 530 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +7.2.

DECEMBER MILK PRODUCTION

Milk production in the 20 major states during December totaled 12.0 billion pounds, up 1.0 percent from December 2000. November revised production, at 11.5 billion pounds, was up 0.8 percent from November 2000. The November revision represented an increase of 0.3 percent or 38 million pounds from last month's preliminary production estimate. Production per cow in the 20 major States averaged 1,547 pounds for December, 28 pounds above December 2000. The number of cows on farms in the 20 major states was 7.74 million head, 62,000 head less than December 2000, but 10,000 head more than November 2001. The October-December quarterly production of milk for the U.S. was 40.8 billion pounds, 0.2 percent above the October-December period last year. The average number of milk cows in the U.S. during the October-December quarter was 9.10 million head, 113,000 head less than the same period last year.

STATE	MILK COWS 1/ 2/				MILK PRODUCTION 1/ 3/			
	DECEMBER		OCTOBER-DECEMBER		DECEMBER		OCTOBER-DECEMBER	
	2000	2001	2000	2001	2001	% CHANGE FROM 2000	2001	% CHANGE FROM 2000
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	C	C	23	21	C	C	70	-10.3
AK	C	C	1.0	1.2	C	C	3.72	9.1
AZ	140	140	140	140	242	-0.4	708	3.1
AR	--	--	41	39	C	C	105	-15.3
CA	1,556	1,615	1,550	1,610	2,794	3.5	8,317	4.4
CO	--	--	90	91	C	C	487	0.8
CT	--	--	26	24	C	C	111	-2.6
DE	C	C	9.0	9.0	C	--	33.9	2.4
FL	156	152	156	152	202	-2.4	547	-3.9
GA	--	--	86	85	C	C	342	1.5
HI	--	--	7.6	7.5	--	--	23.5	-9.3
ID	354	375	355	372	656	7.2	1,972	7.8
IL	118	115	118	115	171	-0.6	487	-3.2
IN	150	155	149	155	216	4.3	638	6.2
IA	215	206	215	206	319	-0.6	930	-2.4
KS	--	--	94	93	C	C	410	3.8
KY	131	125	131	125	138	0.7	399	-1.5
LA	--	--	57	54	C	C	146	-10.4
ME	--	--	39	38	C	C	163	1.9
MD	--	--	82	81	C	C	320	-1.2
MA	--	--	22	21	C	C	90	-2.2
MI	300	298	300	299	483	2.1	1,407	-0.2
MN	525	500	527	500	738	-5.4	2,126	-6.7
MS	--	--	36	34	C	C	116	-7.9
MO	151	141	151	141	161	-9.6	466	-12.7
MT	--	--	19	19	C	C	87	10.1
NE	--	--	79	69	C	C	279	-11.7
NV	--	--	25	25	C	C	120	--
NH	--	--	18	18	C	C	80	8.1
NJ	--	--	16	13	C	C	53	-15.9
NM	261	288	261	280	490	12.4	1,434	11.2
NY	670	670	672	670	972	2.9	2,922	3.1
NC	--	--	69	66	C	C	285	-1.0
ND	--	--	48	43	--	--	156	-7.1
OH	265	258	264	257	369	-0.5	1,070	-0.9
OK	--	--	91	88	C	C	316	0.6
OR	--	--	90	105	C	C	486	17.1
PA	613	592	616	595	912	1.2	2,676	-0.4
RI	-	--	1.6	1.4	C	C	5.6	-9.7
SC	--	--	22	20	C	C	84	-4.5
SD	--	--	101	98	--	--	406	-0.7
TN	--	--	94	89	C	C	320	-5.9
TX	345	312	345	315	429	-4.7	1,218	-7.2
UT	--	--	95	93	C	C	408	0.7
VT	158	154	158	154	230	1.3	669	-0.6
VA	119	118	119	118	159	0.6	464	0.4
WA	246	247	247	247	456	1.8	1,353	0.4
WV	-	--	17	16	--	--	61	-4.7
WI	1,330	1,280	1,333	1,280	1,837	-2.8	5,377	-4.4
WY	--	--	5.0	4.5	C	C	16.2	-4.7
20 STATE TOTAL	7,803	7,741	C	--	11,974	1.0	--	--
U.S. 4/ 5/	--	--	9,211	9,098	C	C	40,764	0.2

1/ Preliminary. 2/ Includes dry cows, excludes heifers not yet fresh. 3/ Excludes milk sucked by calves. 4/ Includes states for which individual monthly estimates are not available. 5/ Milk cows will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (1-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 14 - 18, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 01/11/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	3,917,916	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,682,800	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	10,650,799	-0-	-0-
NONFAT DRY MILK							
Nonfortified	12,742,652	1,659,581	11,083,071	113,086,932	130,747,220	688,873,000	360,581,000
Fortified	-0-	-0-	-0-	-0-	24,025,969	38,227,000	34,464,000
TOTAL	12,742,652	1,659,581	11,083,071	113,086,932	154,773,189	727,100,000	395,045,000

Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 14 - 18, 2002 =	2.4	129.0	COMPARABLE PERIOD IN 2001 =	4.8	131.6
CUMULATIVE SINCE OCTOBER 1, 2001 =	24.9	1,316.3	CUMULATIVE SAME PERIOD LAST YEAR =	132.4	1,907.0
CUMULATIVE JANUARY 1 - JANUARY 18, 2002 =	7.9	420.4	COMPARABLE CALENDAR YEAR 2001 =	15.8	424.4

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 14 - 18, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	10,421,248	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	661,823	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,678,640	1,056,541	1,901,569	0.9	39.9
WEST	-0-	-0-	-0-	4,932,559	111,051,215	152,871,620	98.2	59.8
EAST	-0-	-0-	-0-	39,600	979,176	-0-	0.9	0.3
TOTAL	-0-	-0-	-0-	10,650,799	113,086,932	154,773,189	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 12/29/01 & Comparable Week 2000

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2001-Dairy	0.2	0.7	4.3	3.0	16.0	1.2	0.3	0.5	10.7	1.0	37.9	2,574.2
2000-Dairy	0.2	0.5	5.3	4.0	19.6	0.9	2.1	0.6	10.2	1.6	45.1	2,631.0
2001-All cows	0.2	0.7	4.6	9.4	23.6	7.5	13.6	4.3	12.5	5.6	82.0	5,656.5
2000-All cows	0.2	0.7	7.1	9.7	27.0	7.8	15.6	4.5	11.4	4.6	88.6	5,427.3

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37

FEDERAL MILK ORDER CLASS PRICES FOR 2001 - 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2002
I 1/	13.99	11.94	12.65	13.44	14.21	14.99	15.34	15.40	15.56	15.93	15.76	11.98	11.96
II	12.82	13.43	14.17	15.10	15.72	16.05	15.96	15.98	16.24	13.53	12.78	12.61	
III	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80	
IV	12.13	12.70	13.46	14.41	15.04	15.33	14.81	15.06	15.59	12.77	11.97	11.79	

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm